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One-on-one with Richie Farmer

By Kara Keeton

Columnist - Agribusiness

Business Lexington agribusiness columnist Kara Keeton spoke with Kentucky Agriculture Commissioner Richie Farmer about how the farm economy is faring in the aftermath of the tobacco buyout; the Kentucky Proud campaign; and Market Maker, a new initiative to connect the dots between producer and consumer. A podcast of the entire interview is available online at www.bizlex.com. Click on Bizcast.

KK: Kentucky agriculture has really seen record cash receipts over the past several years. In your mind, what has been happening in the industry that has led to this growth?

RF: Well, I think it is a combination of several factors, and you're right, Kentucky farm gate cash receipts have been over the \$4 billion mark two of the last three years.

I don't think many people thought that was possible with the loss of tobacco income or with the tobacco buyout. I think that with everything that is going on in

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agriculture, there is a real sense of pride and everybody is working together for a common purpose.

I think we are seeing the ingenuity of farmers; there (are) a lot of different commodities that are doing great. I think the cattle industry, cattle markets, have been at an all-time high. That industry is nearing a billion-dollar-a-year industry. Poultry is about an \$800 million-a-year industry.

And I think the work of the Agricultural Development Board and the diversification efforts that we have been utilizing throughout Kentucky have certainly had an impact.

There are things such as ethanol and biofuels that we are talking about as a 21st century energy policy, trying to decrease our dependence on foreign oil sources. We are looking to ethanol, and I think that has impacted the corn market. So there is a lot of different things that certainly have made a difference; the soybean market is strong because of biodiesel.

So there are a lot of things that impact that, but more than anything, it is the willingness of the agriculture industry to come together and work together for a common purpose.

KK: One of the main initiatives when you came into office was, at the time and continued to be, is the Kentucky Proud campaign. Why did you choose this initiative to focus on?

RF: Well, I think the Kentucky Proud is, first of all, a symbol that signifies that is a Kentucky-grown and Kentucky-produced product and that it is of the highest quality, and if you purchase that, you are helping a fellow Kentuckian make a living.

I think the main thing that I saw was that Kentucky farmers did a lot of wonderful things out there. There were a lot of products people produced that people living in the same county or living maybe next door didn't know about.

We wanted to try to have an effort to raise awareness of what we are doing in agriculture and how important agriculture is to the state of Kentucky.

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Depending on which numbers you look at, agriculture is responsible for anywhere from 25 percent to 33 percent, so that is quarter to a third of the economy, economic activity in the state of Kentucky. That is very significant.

I think we have made great strides with the Kentucky Proud campaign, the logo and raising awareness of what we can do here on the farm level.

KK: Are Kentucky producers seeing that strong economic benefit on the farm level with the Kentucky Proud campaign?

RF: Absolutely. Our numbers from 2006, we recently got those in, and it was somewhere around \$40 million dollars of Kentucky Proud products that were sold at the retail level. This was of the people in the Kentucky Proud program. A major portion of that goes back to the farmers, so I think that is a significant number.

When you look at the investment, that is one of the things. The Ag Development Board, that is where the grant came from, it was a \$2 million grant for two years.

So if you look at 2006, a \$1 million investment and just in retail sales we had almost \$40 million in gain. So I think it has been one of the success stories of what we have done from the diversification efforts.

KK: Recently, a new project has been a collaborative effort between several organizations, called Market Maker. Can you tell me a little about this project and what it will mean to Kentucky producers and the Kentucky Proud campaign?

RF: Since I got to the department, I've been looking for ways to open lines of communication between producers and marketers, and Market Maker is certainly an example of that.

It is a project that is a cooperative effort between KDA, Governor's Office of Agricultural Policy, University of Kentucky and Allied Food Marketers.

Essentially, it is an Internet site. Farmers can list themselves and buyers can look them up. Or if a chef is wanting to find a producer of a certain commodity in his or her area, all they have to do is go onto the Market Maker site and they can locate or

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find that commodity or person they are looking for.

It is another tool for our partners to use, and we are very excited about the Market Maker program.

KK: It has been said that one of the key successes of the Kentucky Proud campaign and the growth of the value-added and agriculture marketing industry, and you mentioned just now with Market Maker, that it was a collaborative effort. Can you tell me a little about these collaborative efforts and how these entities are working together?

RF: Well, I think it goes back to some of the statements I made earlier, about the importance of raising awareness of just how important agriculture is to the state of Kentucky and our economy as a whole.

And I think that once people start to realize that, they understand that agriculture is not just working with farmers and it doesn't just effect those people. There are so many things we do on a day-to-day basis.

My background as an athlete and playing basketball, I learned the concept of teamwork. That is one thing Coach Pitino taught us when I played basketball at UK — anytime you get a group of people working together for a common goal, it is amazing what you can accomplish. I think we are seeing that happen in so many different areas of what we do: government agencies working with private entities, interagency communication and cooperation, working with the university and different people. So I think we are making great strides in being able to work together to achieve the betterment of agriculture as a whole.

KK: KDA is much more than the marketing arm for Kentucky agriculture. As commissioner you oversee several other areas, such as animal health, fairs and regulate gas tanks. Can you tell me a little about the regulatory side of the department?

RF: Well, we could talk all day about what all the Department of Agriculture does. I have often said in many interviews and various talks I get that the Department of Agriculture is the one entity, the one government organization, that touches the lives

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of every single Kentuckian every single day, because we all eat.

But a lot of people don't know that we check the scales and scanners and bar codes. We check gas pumps, so that when it says you get a gallon, you get a gallon.

With animal health, there are so many things we do in checking the health papers and inspecting — like at the state fair, we make sure we check all the animals in.

With Avian Influenza, BSE and all the various diseases that have come up, homeland security has been a major part of what we have been involved in.

Presidential directive nine, it made agriculture critical infrastructure for homeland security purposes, so that was a critical step to start to recognize that agriculture was a major player in that and our food and water sources may be one of our most vulnerable resources. So we have to do everything we can to protect those things.

I could go on and on about the things we do, but we have wonderful staff and people that serve the people of Kentucky everyday. And we are proud to be able to do that.

KK: There is a KDA employee in almost every county across the state.

RF: Absolutely. If they live there, they are there at some point and time. There is just a tremendous amount of responsibility.

Amusement rides is another thing, for instance. We check all the amusement rides at all the shows and county fairs ... at the state fair grounds. Anywhere there is an amusement ride or a blow-up ride that you have at the carnivals, the carnivals that go from county to county, we inspect those and make sure they are safe. ... When people think of amusement rides, they wouldn't think of the Department of Agriculture.

Another thing is, like at the local McDonalds or Burger King, the little play areas that they have there for the kids. The Department of Agriculture inspects those to make sure they are safe.

There are so many things that we do that people don't think of the Department of

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Agriculture as being a part of, but we certainly affect everybody's life every day in some shape, form or fashion, and often times several times a day.

KK: As commissioner, you sit on several boards, including the Agricultural Development Board. You mentioned the diversification efforts here in the state. Tell me a little bit about that board and your experiences with that board.

RF: Well, as commissioner of agriculture, I'm vice chairman, but since becoming commissioner, I've had the opportunity and privilege to chair most of the meetings that go on with the Agricultural Development Board.

The investment of funds from that board into agriculture diversification — that money came from tobacco settlement fund — I think it has been critical the investment we have made.

Not all have been successful. We have had a lot of successful investments and things that have done well. But I think even those things that haven't been successful, we learned lessons, and we've seen what not to do and what doesn't work. And I think sometimes ... that can be as important in a way as knowing what does work.

Being commissioner and being able to work with the various people on that board has been a learning experience for me, and it has been an honor and privilege to be a part of making the investment in the future of Kentucky agriculture, and I think moving Kentucky agriculture forward in a large way.

KK: What direction do you think the Agricultural Development Board should go in the next five years with regards to funding priorities? Where do you see the industry moving?

RF: If you talk to ten people, you will get a lot of different answers.

As commissioner of agriculture, I certainly look at it from a different perspective. I think we have to look at what we have done and see the things that have worked, and now we kind of have a blueprint for what we think has and hasn't worked.

We need to continue to support the things that have worked, and we also need to

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make sure we are flexible. If you have an outbreak of BSE, the whole focus of everything you are doing as a department and in agriculture may shift and change.

You have to remain flexible enough that, if an opportunity arises, that we have the ability to fund something that would benefit a large group of farmers or move Kentucky forward.

We have a strategic long-term plan; continue to support those things that work and realize we need to have flexibility in there to do things we do not know about that may present themselves yet.

That's kind of a tricky question; there are a lot of possibilities out there. With technology moving the way it has, constantly changing, you never know what is coming down the pike.

KK: What has been the most challenging issue to oversee in your tenure as commissioner?

RF: I mentioned earlier animal health issues. Probably no other commissioner has to deal with it, as we had to deal with it...

From the homeland security standpoint, trying to be prepared to try to make sure that we are able to respond and look ahead and kind of think outside the box. That has certainly been one thing. The other thing has been budgetary.

The Department of Agriculture, with the scope of things that we talked about that the Department of Agriculture handles, having the amount of personnel that we need to do the inspections.

The growing economy — we want to increase the number of gas pumps we have each year, yet we only have so many people that can do those. It's getting tougher and tougher.

Amusement rides, for instance. In 1984 when the amusement ride program started, there was about 600 rides that they initially inspect and 24 inspectors. Today we have about 8 or 9 full-time inspectors and we have about 3,000 rides we do initially

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inspect, and then every time they move, we do inspections. The amount of work and the amount of responsibility has continually increased while we are being asked to do it with less and less people and less and less money. Our funding has been cut as well.

It has been quite tough to manage that part of it. We have tried to do what we could to become more efficient: cross-training our employees and maximizing the efforts of everyone we have there. At the same time, we have had to tighten our belt and make sure we are doing things the right way.

KK: And those are public safety issues....

RF: We certainly want to be good stewards of taxpayers' dollars. But at the same time, I have always said that we are a consumer protection agency, and we provide a service to the people of the state of Kentucky, and we need to make sure we have enough people out in the field to do the job.

We want to grow our economy and expand things that we do, and we need to make sure we have enough people out there to do the inspections and inspect those rides and to make sure consumers are safe and the people get what they pay for.

KK: Is there anything coming up this summer with Kentucky Proud that you would like to talk about?

RF: There are always things going on with Kentucky Proud.

I just wanted to mention a few things we haven't touched on as some of the things I'm very proud of. (One) is our commitment to FFA and 4-H. Our Junior Livestock programs, they have grown by leaps and bounds during the time I've been there.

People will ask what is our most prized commodity or what is the thing that you think is most important to Kentucky, and I say it's not our horses, it's not our cattle, it's not our corn — it's our young people.

And I think an investment in our young people is an investment in our future. I've not only maintained our commitment but also strengthened that even with our budget

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cuts.

Also I have been able to secure funding for a motor fuel testing facility that we hope to have done by the end of the year.

It will be the premier facility of its kind in the country, and what we did was we went to other states that have a lab — not every state has a lab. In fact there are very few. So we went to various other states that had these labs and kind of took what we liked and what was good about all of them and put that into a state-of-the-art, premier facility.

It will be the one that if anyone were going to have a facility like it, they would come to Kentucky. They would go there and say that is the only one you need to be like. It will far exceed what anyone else will be able to do in the country.

KK: Is there anything else you would like to share?

RF: No, I think that does it.

KK: Thank you very much for your time today, I appreciate it.

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